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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

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## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/2015 AND ENDING 12/31/2015  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: HedgeServ Investment Services LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1271 AVENUE OF THE AMERICAS, 38<sup>th</sup> FLOOR  
(No. and Street)New York  
(City)NY  
(State)10020  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Paul Ebert(212) 485-5982  
(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Ernst & Young LLP

(Name - if individual, state last, first, middle name)

5 Times Square  
(Address)New York  
(City)NY  
(State)10036  
(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

SECURITIES AND EXCHANGE COMMISSION RECEIVED MAR 28 2016
REGISTRATIONS BRANCH 02

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

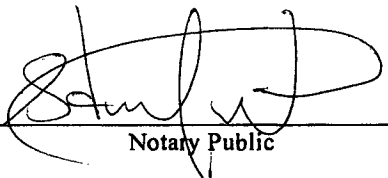
## OATH OR AFFIRMATION

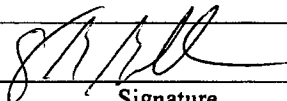
I, EUGENE NANNELLA, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hedge Serv Investment Services LLC, as of December 31, 20 15, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

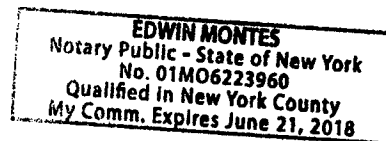
\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

  
Notary Public

  
Signature  
President  
Title



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

STATEMENT OF FINANCIAL CONDITION

HedgeServ Investment Services LLC

December 31, 2015

With Report of Independent Registered Public Accounting  
Firm

*(Public)*

**HedgeServ Investment Services LLC**

**Statement of Financial Condition**

**December 31, 2015**

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Ernst & Young LLP  
5 Times Square  
New York, NY 10036

Tel: (212) 773-3000  
ey.com

## **Report of Independent Registered Public Accounting Firm**

The Member of HedgeServ Investment Services LLC

We have audited the accompanying statement of financial condition of HedgeServ Investment Services LLC (the "Company") as of December 31, 2015. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of HedgeServ Investment Services LLC as of December 31, 2015, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

February 24, 2016

HedgeServ Investment Services LLC

Statement of Financial Condition

December 31, 2015

<b>Assets</b>	
Cash	\$ 203,804
Prepaid expenses	<u>10,600</u>
Total assets	<u><u>\$ 214,404</u></u>
<b>Liabilities and member's equity</b>	
Accounts payable and accrued expenses	<u>\$ 26,730</u>
Total liabilities	<u>26,730</u>
Member's equity	187,674
Total liabilities and member's equity	<u><u>\$ 214,404</u></u>

*See notes to financial statements.*

# HedgeServ Investment Services LLC

## Notes to Statement of Financial Condition

December 31, 2015

### **1. Organization**

HedgeServ Investment Services LLC (the “Company”) was formed on April 22, 2010 in the State of Delaware and is 100% owned by HedgeServ Corporation (“HS Corp”). On April 19, 2011, the Company was registered as a broker-dealer with the Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority (“FINRA”), and commenced operations in the capacity as a broker-dealer.

Because the Company does not hold customer funds or securities, it is exempt from requirement of SEC Rule 15c3-3 pursuant to section (k)(2)(i).

### **2. Summary of Significant Accounting Policies**

#### **Basis of Accounting and Use of Estimates**

The Company prepares its financial statements in conformity with U.S. generally accepted accounting principles. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash**

The Company’s cash balance is held with one major financial institution.

#### **Income Taxes**

The Company is a single member Delaware limited liability company and, as such, is disregarded for federal and state tax purposes. The Company is subject to New York City Unincorporated Business Tax (“UBT”); however, for 2015 there is no tax liability because the Company’s tax for 2015 is \$2,729 which is less than \$3,400, the Business Tax Credit based on UBT; therefore, the company is allowed the tax credit for the entire amount of tax.

## HedgeServ Investment Services LLC

### Notes to Statement of Financial Condition (continued)

December 31, 2015

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Recently Issued Accounting Pronouncements**

###### **Revenue Recognition**

ASC 606, Revenue From Contracts With Customers, was issued jointly by the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB") on May 28, 2014. In August 2015, the FASB issued an amendment which defers the effective date by one year. As a result of the amendment, public entities will be required to adopt the standard for annual reporting periods beginning after December 15, 2017. The Company is currently assessing the potential impact of adopting this accounting standard update.

###### **Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern**

FASB Accounting Standards Update No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, was issued on August 27, 2014. The issued final guidance requires management of all entities to evaluate whether there are conditions and events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the financial statements are issued. This update is effective for annual reporting periods ending after December 15, 2016. This guidance is not expected to have a material impact on the Company's financial statements.

#### **3. Regulatory Requirements**

The Company is subject to the SEC's Uniform Net Capital Rule ("SEC Rule 15c3-1" or the "Rule") which requires the maintenance of minimum net capital. The Company has elected to use the standard method, permitted by the Rule, which requires that it maintain minimum net capital, as defined by the SEC and FINRA. The Rule requires the Company to maintain minimum net capital, based on the type of business conducted, of the greater of \$5,000 or 6.667% of aggregate indebtedness, as defined in the Rule. At December 31, 2015, the Company had net capital of \$177,074 which was \$172,074 in excess of the minimum net capital required. The Company's aggregate indebtedness to net capital ratio was 0.15 to 1 as of December 31, 2015.



## HedgeServ Investment Services LLC

### Notes to Statement of Financial Condition (continued)

December 31, 2015

#### **4. Related Party Transactions**

Included in general and administrative expenses is \$10,000 of costs related to the Expense Sharing Agreement with HS Corp dated on November 18, 2010. The payment terms are such that the Company pays to HS Corp \$10,000 annually. The Expense Sharing Agreement was effective November 15, 2010 and automatically renews for successive 12-month terms without any further action by the parties unless terminated by either party upon not less than 30 days notice prior to the end of any such 12-month term. The amount of \$10,000 is expensed pro rata over the 12 month period. At December 31, 2015, the amount prepaid for 2016 is \$10,000 and is reflected on the Statement of Financial Condition.

#### **5. Contingencies**

From time to time in the normal course of business, the Company may be a party to various litigation matters and regulatory inquiries. While the ultimate legal and financial liability of the Company, if any, with respect to such matters cannot be estimated with certainty, the Company believes, based on its examination of such matters, that such ultimate liability would not have a material adverse effect on the financial condition, results of operations or cash flows of the Company. At December 31, 2015, no litigation was pending against the Company.

#### **6. Member's Equity**

The Company distributed \$100,000 to HS Corp, its sole member, in 2015. At December 31, 2015, the balance of the Company's member's equity account is \$187,674.

#### **7. Subsequent Events**

The Company has evaluated subsequent events through the date of issuance of these financial statements.